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**TITLE 327 WATER POLLUTION CONTROL BOARD****FISCAL IMPACT STATEMENT**

LSA Document #08-764

**Fiscal Impact Analysis on State and Local Government (Fiscal Management Circular #2010-4)****1. Calculate the estimated fiscal impact on state and local government:**

Based upon 2009 application data, up to four new permits and fourteen modified permits might have been subject to the antidegradation rule. Assuming an average cost of \$100 per hour for consulting fees, ten of these permits may have required a full application at an estimated cost of \$16,000 each for a total of \$160,000 and the other 8 would require no more than a simple application estimated to cost \$4,000 for a total of \$32,000. Thus the total estimated cost to state and local government is \$192,000.

IDEM anticipates adding no new Office of Water Quality permit writing staff to handle antidegradation reviews as part of the normal permit review process.

**2. What is the anticipated effective date of the rule?**

The rule is scheduled for preliminary adoption at the July 13, 2011, Water Pollution Control Board Meeting. There will then be a third public notice and depending upon the comments received, may be scheduled for final adoption in September 2011. In that case the final rule would likely be effective in January 2012 (30 days after it is filed by the Publisher of the Indiana Register).

**3. Identify any sources of revenue affected by the rule, the estimated increase or decrease in revenues or expenditures of state and local government that would result from the implementation of the rule, including the costs necessary to enforce the rule, and the related citation to the rule provision or provisions:**

The only change to sources of revenue or expenditures for the state due to this rule are related to the OSRW improvement fund established under [IC 13-18-3-14](#) and implemented by the rule. This is a voluntary payment of up to \$500,000 by an applicant choosing not to complete a water quality improvement to offset the impact of its proposed discharge in an Outstanding State Resource Water, and can be avoided by an applicant that chooses to do the project. All of the monies received under this provision are required to be spent by the State on water quality improvement projects. For municipal governments required to prepare an antidegradation demonstration under this rule, any expenditure increase would be the cost of preparing the demonstration (estimated to be between \$4,000 and \$16,000); however, most municipal projects that involve a new or increased loading of a regulated pollutant would fall under an exemption in section 4 of the rule and would, therefore, incur no additional cost. This rule places no enforcement responsibilities on municipalities. As regards state enforcement of this rule, IDEM will continue enforcement, actually working with applicants to submit complete NPDES permit applications with complete antidegradation demonstration information as required by the rule. Existing staff will handle the work.

**4. Identify any appropriation, distribution, or other expenditures of revenue affected by the rule and the related citations to the rule provision or provisions:**

The only expenditure of revenue due to this rule would occur if a discharger proposing to cause a significant lowering of water quality due to a new or increased discharge to an OSRW would choose to fund the water quality improvement project required under [327 IAC 2-1.3-7\(a\)\(2\)](#) rather than implement the required project under [327 IAC 2-1.3-7\(a\)\(1\)](#). Distribution of funds in the OSRW improvement fund established under [IC 13-18-3-14](#) shall occur according to [327 IAC 2-1.3-7\(2\)\(C\)](#) after the commissioner has solicited input, according to [327 IAC 2-1.3-7\(c\)\(3\)\(B\)](#), from interested parties on the identification and selection of the water quality improvement projects to be funded with the funds in the OSRW improvement fund. It is possible that there may never be funds in the OSRW improvement fund if there are no dischargers causing significant lowering of water quality in an OSRW or if such dischargers opt to implement the required water quality improvement projects themselves.

**5. Identify the administrative impact to state and local governments, and the related citations to the rule provision or provisions:**

IDEM's existing administrative staff will implement this rule. Other state agencies and local governments that propose new or increased discharges of regulated pollutants could be required to prepare an antidegradation demonstration. These entities should have the existing administrative staff necessary to perform the administrative work involved, which is not much more than submitting permit paperwork to IDEM such as any NPDES permit discharger or applicant would otherwise be doing regardless of this rule. The work of conducting an antidegradation demonstration is not considered administrative and is discussed under fiscal impact analysis on state and local government.

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**6. Determine the extent to which the proposed rule creates an unfunded mandate on a state agency or political subdivision:**

The federal mandate requiring states to have a water quality antidegradation rule is funded in part by the federal government's funding to the states for the NPDES permit and other water quality programs.

**7. Is the proposed rule readopting an expiring rule? If so, include the fiscal analysis relied upon at the time of its last adoption as well as a current review of the accuracy of that analysis:**

The proposed rule is not readopting an expiring rule.

**Cost-Benefit Analysis**

**A. Statement of Need**

1. An explanation as to whether the rule is intended 1) to address a federal or state statutory requirement; 2) to address an alleged market failure; and/or 3) to serve a public need, such as improving government processes or promoting public safety or health:

The rule is intended to address federal and state statutory requirements. The Clean Water Act (CWA) at 33 U.S.C. 1313(c) and federal rules (at 40 CFR 131.12) require states to develop, adopt, and retain a statewide antidegradation policy regarding water quality standards and establish procedures for its implementation. Additional requirements affecting antidegradation rules come from the Indiana General Assembly's requirements found in [IC 13-18-3](#) enacted in the 2000 legislative session under Public Law 140-2000 (also known as SEA 431). The General Assembly adopted additional antidegradation requirements, in the 2009 regular session with the passage of Public Law 78-2009, which are made part of the draft rule.

The rule will also serve a public need as the proposed rule will enhance and protect public health and the environment by protecting the state's surface waters.

The rule is also, in part, a response to the Barnes Report. Issued in December 2007, the report recommended revising Indiana's antidegradation rules. Indiana Gov. Mitch Daniels commissioned the report by Indiana University professor Jim Barnes.

Another force behind the rulemaking is a December 17, 2009, petition to the U.S. EPA by the Environmental Law and Policy Center, the Hoosier Chapter of the Sierra Club and the Hoosier Environmental Council asking that U.S. EPA withdraw Indiana's Clean Water Act Authority due to, among other issues, Indiana's lack of appropriate antidegradation implementation regulations.

2. An estimate of the number of individuals and businesses affected by the rule:

Based on 2009 National Pollution Discharge Elimination System (NPDES) permit submissions, up to 50 businesses and 30 municipalities may be required determine if they need to perform an antidegradation demonstration each year.

3. An evaluation of the policy rationale or goal behind the proposed rule, including an analysis of the following:

A. Identify the conduct and its frequency of occurrence that the rule is designed to change or address:

The purpose of the antidegradation process is to preserve the existing quality of water that is cleaner than minimum standards. It does this by requiring an evaluation of alternatives before permitting new pollutant discharges above a de minimis level. If the new discharge will degrade the existing water quality, the State needs to find that the social and economic benefits of the water degradation exceed the social and economic benefits of preserving the existing water quality.

Based upon 2009 permit applications, there are about 80 permit applications a year that may result in a new discharge of pollutants.

B. Discuss the harm resulting from the conduct that the rule is designed to change and the likelihood the conduct will continue to occur absent a rule change:

Without the proposed rule, there is not a clear path to satisfy the federal and state statutory antidegradation requirements. This means that U.S. EPA and environmental groups may legally challenge the permits issued by IDEM, resulting in uncertainty for regulated entities. The proposed rule will allow IDEM and the regulated community to clearly demonstrate that proposed discharges of regulated pollutants to surface waters of the state that are cleaner than the minimum standard will either maintain water quality in the current condition, or that the social and economic benefit of the project outweigh maintaining the current water quality.

C. How has the agency involved regulated entities in rule development?

An extensive public participation process was initiated in early 2008 and included representatives of the regulated community (industrial and municipal wastewater dischargers), environmental community, U.S. EPA and the Indiana Department of Environmental Management (IDEM). A large workgroup inclusive of all interested parties convened on April 29, 2008, to discuss the broad issues involved in this rulemaking. A second large workgroup meeting was held on June 25, 2008, and, at that meeting, the workgroup decided to select a smaller subgroup with chosen representatives from each of the interested sectors (environmental, municipal, and industrial communities) who would continue the rule development process with IDEM. The subgroup held meetings on nearly a monthly schedule from July 2008 through January 2009 and concluded with a final meeting on April 22, 2009. After the final subgroup meeting, IDEM took the collected information and finalized the developing draft rule, which was presented to the large workgroup in an open meeting held on August 4, 2009. For complete information on the workgroup and subgroup activities, please go to:  
<http://www.in.gov/idem/5387.htm>

4. Provide a detailed description of the methodology used in making the above determinations.

Most of the above determinations were made simply by following the requirements of the federal Clean Water Act (CWA) and Indiana statutes. The CWA itself provides a description of the policy and rationale behind the antidegradation rule, and Indiana statutes provide the required framework for public notice of and involvement in the rulemaking.

### **B. Evaluation of Costs and Benefits**

Provide a comprehensive enumeration of the costs and benefits of the rule, including tangible and intangible costs and benefits. If costs and benefits cannot be monetized or quantified, explain why and include a thorough description of the nonquantifiable costs and benefits as well as a determination whether such costs and benefits will be significant. The cost-benefit analysis should conclude with the agency's determination whether the benefits are likely to exceed the costs. In reaching that determination, include the following factors or an explanation of why each factor is not applicable:

1. An estimate of the primary and direct benefits of the rule, including the impact on consumer protection, worker safety, the environment, and business competitiveness;

There are three main benefits of the proposed rule: regulatory certainty, preservation of the capacity of waters to accept new discharges of pollutants from future economic development projects or population growth, and the health and environmental benefits of preserving existing water quality.

Environmental protection, specifically water quality protection, is the direct and primary benefit of this rule. The reason to protect the environment is for the protection of human health, which is both a direct and indirect benefit of this rule.

2. An estimate of the secondary or indirect benefits of the rule and an explanation of how the conduct regulated by the rule is linked to the primary and secondary benefits;

Secondary or indirect benefits of the rule include protection of human health, consumer protection (from higher costs of drinking water treatment and water borne disease or infection), and worker safety for those working in or around waters of the state, protection of aquatic life and the recreational use of Indiana's surface waters.

3. An estimate of the compliance costs for regulated entities, including fees, new equipment or supplies, increased labor and training, education, supervisory costs, and any other compliance cost imposed by the requirements of the rule;

Based upon the 80 permit applications received in 2009 that might be required to consider antidegradation, a consulting cost of \$100 per hour, and our estimate that a complex antidegradation process would require 160 professional hours, the annual cost to the regulated community to implement the rule would be up to \$1,280,000. If the cost of professional services was \$300 per hour, this estimate would increase to \$3,840,000 per year.

The Indiana Manufacturers Association has submitted public comments estimating the total annual cost to be between \$3,034,200 and \$9,920,000. They did not provide the estimated number of professional hours or the cost per hour behind their estimates. Major differences between the IMA estimate and IDEM's estimate is that the IMA assumes that each request to change a water treatment additive at a facility (estimated at 108 requests per year) would require full antidegradation review at an annual cost of between \$1,425,600 and \$4,050,000. They also assume that up to 105 permits a year will require review versus the 80 assumed by IDEM—this increases their

estimate by about 30%. Finally, they assume that the public notice process will cost between \$720,000 and \$945,000 per year—this is far in excess of IDEM's experience and the proposed rule makes the public notice process optional for the applicant (if they do not choose to engage in the process, IDEM will do it).

4. An estimate of the administrative expenses, including legal, consulting, reporting, accounting or other administrative expenses imposed by the requirements of the rule;

These costs are included in the estimates responding to item 3. Administrative expenses related to this rule are considered to be the cost to submit an antidegradation demonstration to IDEM and would be similar to the cost and process to submit an NPDES application and occur in combination with the NPDES permit application, an activity required of a discharger proposing a new or increased discharge, even in the absence of an antidegradation rule. The possible cost for preparing an antidegradation demonstration, including consultant services if utilized, is not considered to be administrative but is the cost of complying with the rule.

5. An estimate of any cost savings to regulated entities as a result of the proposed rule. State whether savings are from a change in an existing requirement or the imposition of a new requirement.

It is unlikely that this rule will result in cost savings to regulated entities.

On March 10, 2010, the Environmental Law & Policy Center, in response to IDEM's request for information from interested parties regarding the fiscal impacts of IDEM's draft antidegradation implementation rules, submitted their estimates for economic benefits of the rule. This document estimates the economic benefits to Indiana from anglers, hunters and wildlife watchers at greater than \$2 billion per year.

The incremental water quality values addressed by the proposed antidegradation rule and the 80 applications a year that may be subject to this rule would not be expected to significantly impact existing fishing, hunting or wildlife watching in Indiana.

## **C. Examination of Alternatives**

Include an evaluation of alternatives to achieve the objectives of the proposed rule or amendment.

### **1. Alternatives considered in the rulemaking workgroup process**

a. Applicability: Section 1 of the Antidegradation Standards and Implementation Procedures rule explains the applicability of the rule. The antidegradation standards established by the rule apply to all surface waters of the state, and the antidegradation implementation procedures established by the rule apply to a proposed new or increased loading of a regulated pollutant to a surface water of the state that will result from a deliberate action including a change in process or operation that adds additional regulated pollutants or creates an increase in loading of a regulated pollutant already being discharged.

The entire first meeting of the antidegradation subgroup (a group of stakeholders selected by the larger antidegradation stakeholder workgroup) was spent discussing the issue of applicability. During this discussion, the option of requiring antidegradation review only when a new NPDES permit is required was considered—further analysis determined that such a restriction would not meet the requirements of the Clean Water Act.

b. De minimis: The concept of de minimis is that there is some small amount of added pollutant load that is considered too small to need an antidegradation demonstration to prove it meets the necessary test of social and economic benefit. EPA accepts the application of a de minimis if properly defined and implemented, and the proposed rule incorporates this concept.

c. Unused/available loading capacity, and how much of it shall be required to remain after inclusion of a new or increased loading of a regulated pollutant. Alternatives discussed included whether the calculation of a water body's unused/available loading capacity would be a cumulative calculation from the time of the first additional loading of a regulated pollutant after the effective date of the rule, or start anew with each additional loading. Based upon recent federal court decisions, consideration of cumulative loading is included in the proposed rule.

d. Pollutants of concern or regulated pollutants, to include only those with numeric criterion or others with narrative standards. Based upon public comments received, the rule applies only to regulated pollutants.

e. Exemptions and how much information is to be required in the antidegradation demonstration to justify the

discharger being eligible for a stated exemption. Based upon U.S. EPA objections to the concept of "exemptions," we have reworked the proposed rule so that certain activities are "deemed to meet" some or all of the antidegradation requirements.

2. Alternatives defined by statute. Is the rule consistent with the specific statutory requirement and clearly within the agency's statutory discretion?

Yes. The CWA requires states to adopt antidegradation standards and implementation procedures, but leaves the specifics up to the states. This rule is Indiana's specific measure to meet those federal requirements statewide. [IC 13-18-3-2](#) requires that Indiana's antidegradation rule to include a de minimis and to allow a discharger to choose either to conduct a water quality improvement project, or to deposit funds, not to exceed \$500,000, as compensation for new or increased discharges into an Outstanding State Resource Water (OSRW) that are determined to be socially or economically beneficial in the area of the discharge.

3. The feasibility of market-oriented approaches, including a determination whether the market could eventually remedy the alleged harm the rule is intended to regulate, rather than direct controls;

The regulation does allow people to avoid the regulation by choosing not to increase the discharge of a regulated pollutant and, in the case of Outstanding State Resource Waters, to pay for someone else (including the State) to take actions to offset the proposed new discharge. Entirely substituting a market approach for the proposed regulation is simply not an option under federal statute and regulations. The CWA and corresponding federal regulations require Indiana to adopt antidegradation provisions that protect waters of the state that meet or exceed Indiana water quality standards. The Indiana Legislature has required the use of a partial market based approach for antidegradation by establishing [IC 13-18-3-2](#) and [IC 13-18-3-14](#) to create a fund where an applicant may pay a fee in lieu of completing a water quality improvement project required to mitigate new or increased discharges subject to antidegradation requirements in Outstanding State Resource Waters.

4. Measures to improve the availability of information, as an alternative to regulation;

By requiring consideration of alternatives for activities subject to the antidegradation process, the rule does encourage applicants to avoid the process. However, the Clean Water Act makes substituting information for an antidegradation regulation legally impossible.

5. If applicable, various enforcement methods, such as inspections, periodic reporting, and noncompliance penalties;

These measures are not applicable to the antidegradation rule. There is nothing to enforce, inspect, report, or assess penalties on prior to there being a determination on an antidegradation demonstration. The antidegradation rule will apply to discharges that will occur in the future.

6. Performance standards rather than design standards. Performance standards express requirements in terms of desired outcomes. Design standards express requirements in terms of the specific means that must be satisfied without choice or discretion;

Performance standards, and not design standards, are the basis of the proposed antidegradation rule. The rule is essentially a set of desired outcomes – the preservation of existing water quality. Performance standards are the core of the requirements of the antidegradation rule.

7. Different requirements for different sized regulated entities. A variation of benefits and costs may exist depending on the mix of entities being regulated;

The antidegradation rule does not contain different requirements based directly on the size of a regulated entity but rather on the size and type of proposed discharge and whether it is eligible for reduced antidegradation demonstration requirements. One of the reduced requirements is the concept of de minimis, the idea that the proposed new or increased loading of a regulated pollutant is sufficiently small to not need an antidegradation demonstration. In that regard, size (or more accurately, quantity) of the entity's proposed new or increased loading of a regulated pollutant is a differentiating factor, not the size of the regulated entity. A small sized regulated entity may be more likely to qualify for a de minimis exemption from the requirements of the rule.

8. Establish a baseline. Consider how the world would look without the proposed rule. Issues to consider when forming a baseline include evolution of the market, changes in external factors affecting expected costs and

benefits, existing rules by the agency and other government entities, and the degree of compliance by regulated entities with other rules.

Without the antidegradation rule Indiana would continue to be in violation of the Clean Water Act's requirement to have antidegradation standards and implementation procedures for the entire state, and each permit that we issue will continue to be vulnerable to being overturned by the courts. There is generally no financial value to a discharger to clean up the receiving water except to meet regulatory requirements, so market forces are not likely to achieve the statutorily required preservation of our environment.

9. Different compliance dates;

The antidegradation rule does not contain specific compliance dates because the rule will apply to a regulated entity only when the entity proposes a new or increased discharge that is subject to the rule.

10. Redundancy. Does the proposed rule duplicate standards already found in state or federal law?

The antidegradation rule is not duplicative of state or federal law.

**D. \$500,000 Fiscal Impact**

Does the rule have a total estimated impact greater than \$500,000 on all regulated persons? Describe the data used and assumptions made in making that determination.

1. Yes, all estimates of the cost of the proposed rule exceed \$500,000. Based upon the 80 applications received in 2009 that might be subject to the regulation, a \$100 per hour consulting cost and an estimate of 160 hours per application (from the Iowa fiscal analysis), IDEM estimates an annual cost of \$1,280,000. The Indiana Manufacturers Association has commissioned an analysis with somewhat different assumptions that estimates annual costs between \$3,034,200 and \$9,920,000.

2. Indiana Antidegradation Fiscal Impact Analysis table (attachment)

In 2009, Indiana issued 55 new permits; at least 31 of these permits (26 general permits, two hydrostatic testing, and three ground water remediation) would not be required to undergo individual antidegradation review, so up to 24 new permits may need to meet the new regulation. IDEM also processed 89 permit modifications, at least 35 of these modifications (29 general permits, five permit transfers, and one name change), would not be required to undergo individual antidegradation review, so up to 54 permit modifications may need to meet the new regulations. Based upon this analysis of new and modified permits, up to  $54 + 24 = 78$  permits may be subject to the new antidegradation procedures in the proposed rule. This number of permits is rounded to 80 in the calculations described above.

The state of Iowa's Fiscal Impact Statement prepared in 2008 for its antidegradation rulemaking determined that, based on an annual low number of 104 and a high of 164 permit actions, the overall range of annual costs to the regulated sector created by the rule would be \$428,875 to \$2,628,100, plus an additional \$75,363 to \$115,978 cost to the state's environmental department for an expected necessary one additional experienced environmental engineer. Iowa's costs impact to the regulated sector includes municipal construction projects, new or expanded discharges, most of which under Indiana's antidegradation rule would be exempt from having to do an antidegradation demonstration if the reason for the project is to provide sewage treatment to an expanded population or to meet requirements under the municipality's long term control plan, which are the usual reason for municipal construction projects.

Iowa developed its costs based on an engineering consultancy fee of \$100 per hour multiplied by an assigned number of hours established for high or low cost scenario situations and then figured the high and low range of the rule's fiscal impact by multiplying by the number of permit actions (104 or 164). Iowa used a fee of \$25 for public notice costs for both the high and low cost scenarios. Iowa's fiscal impact statement was determined based on assumptions made from the state's experience with "consulting engineers, department engineers, and other states' cost estimates." The fiscal impact statement includes the following statement: "Some situations may not require detailed analyses and result in less cost while others will require much more analysis and public involvement and result in higher costs. At this time, there is no way to accurately determine which projects will or will not require more analysis and which projects may or may not be controversial."

Indiana has the same dilemma of having only assumptions on which to base a fiscal analysis; however, the Iowa



fiscal impact statement is presented to show how widely it differs from the cost analysis provided by regulated entities who supplied their anticipated costs under Indiana's rule.

**E. Sources used in determining costs and benefits, including studies to support the policy rationale and types and quantifications of the costs and benefits.**

1. Request for fiscal impact information e-mail sent to antidegradation stakeholders on January 29, 2010.
2. Fiscal impact information letters received:
  - Environmental Coalition (submitted by the Environmental Law & Policy Center)
  - Indiana Energy Association (regulated entity)
  - Indiana Manufacturer's Association (regulated entity)
3. Iowa's Fiscal Impact Statement, October 27, 2008

**Small Business Economic Impact Statement**

**1. Estimate the number of small businesses, classified by industry sector, that will be subject to the proposed rule:**

The antidegradation rule will affect all direct dischargers to surface waters of the state, most notably those that are required to have National Pollutant Discharge Elimination System (NPDES) permits or those with general permits under [327 IAC 15](#), if a discharger proposes a new or increased loading of a regulated pollutant to a surface water of the state. Based on 2009 permit submissions, assuming that all minor permits are associated with small businesses and are required to perform an antidegradation demonstration, 14 industries, 35 coal mines, six pipeline companies, three sand and gravel and one petroleum terminal may have been subject to this rule. Only the 14 industries may have needed to actually complete an antidegradation analysis as part of their application.

**2. Estimate the average annual reporting, record keeping, and other administrative costs that small businesses will incur to comply with the proposed rule:**

This rule does not have annual reporting, record keeping, or other administrative costs.

**3. Estimate the total annual economic impact that compliance with the proposed rule will have on all small businesses subject to the rule:**

Based on 2009 permit submissions, assuming an average consultant cost of \$100 per hour, the cost per application would be \$16,000 and the total onetime cost to small businesses would be no more than \$224,000. It is possible that new or increased discharges from a small business would meet the de minimis exemption of [327 IAC 2-1.3-4\(c\)\(1\)](#), then such businesses would only need to submit the minimal information to allow the commissioner to verify the proposed discharge is de minimis. In that case, the estimated cost per application is \$4,000 and the total onetime cost to small business would be \$56,000.

**4. Provide justification for any requirement or cost imposed on small business by the rule and not expressly required by the authorizing statute or any other state or federal law:**

The Clean Water Act requires states to have water quality standards, including antidegradation standards and implementation procedures that apply to all NPDES permit holders, regardless of their size. U.S. EPA is actively reviewing a petition from a number of environmental groups requesting that Indiana's NPDES permit program approval be withdrawn because Indiana does not have antidegradation regulations that meet Clean Water Act requirements.

**Regulatory Flexibility Analysis**

**1. Identify any less stringent compliance or reporting requirements for small businesses**

This rule does not have annual reporting or record keeping requirements. The rule requirements have to do with the onetime preparation of an antidegradation demonstration if a discharger proposes a new or increased loading of a regulated pollutant to a water of the state. If that antidegradation demonstration is approved by the commissioner to allow the new or increased discharge, then the existing NPDES rules contain the applicable reporting and record keeping requirements. These requirements apply equally to all dischargers, regardless of their size.

**2. Identify less stringent compliance deadlines or reporting requirements for small businesses:**

This rule does not contain schedules or deadlines for compliance or reporting requirements.

**3. Identify any consolidation or simplification of compliance or reporting requirements for small businesses:**

This rule does not contain schedules or deadlines for compliance or reporting requirements.

**4. Explain if there are performance standards for small businesses instead of design or operational standards imposed on other regulated entities by the rule:**

Performance standards are the core of the requirements of the antidegradation rule and are written to guide all dischargers of proposed new or increased loadings of regulated pollutants, regardless of their size.

**5. Are there any exemptions for small businesses from any requirements or costs imposed by the rule?**

This rule does not exempt an entity due to size. Section 4 of the rule lists the various exemptions from the requirement of preparing an antidegradation demonstration, but, other than the de minimis discharge exemption, which is based on the size or amount of the new or increased discharge of a regulated pollutant, those exemptions are not based on size of the business. Small businesses are more likely to qualify for an exemption from the requirements of the rule.

**6. If no listed alternative is implemented, provide a statement that explains the reasons for not choosing the alternatives, including date, studies or analysis relied upon.**

The Clean Water Act requirements are based upon the amount of pollution to be discharged, not on the size of the businesses. Indiana's proposed rule does provide reduced requirements for small discharges that might be associated with a small business.

### Indiana Antidegradation Fiscal Impact Analysis Permit History

The Office of Water Quality, Permits Branch, supplied the following permit issuance numbers for 2009 (Note that in the antidegradation draft rule there is no distinction between GLI and nonGLI, but the following breakout was provided by the Permits Branch) Permits in italics would not likely be subject to individual antidegradation review:

New Permits Issued	Modification Permits Issued
18 individual permits - new, nonGLI <b>9 industrial minors</b> 1 municipal minor 5 pretreatment 2 public water suppl 1 semi public	20 industrial - non GLI <b>2 major modifications</b> <b>1 major modification/transfer</b> <i>1 minor name change</i> <i>2 minor transfer</i> <b>14 minor modifications</b>
	33 municipal modifications - nonGLI 4 major CSO modifications 6 major modifications 5 minor CSO modifications 4 minor modifications 2 minor revocation/reissue 3 pretreatment modifications <i>1 pretreatment transfer</i> <i>2 semi public transfers</i> 4 semi public modifications 2 semi public revocation/reissue
26 general permits - new, nonGLI <i>10 coal</i> <i>9 ground water remediation</i> <i>5 hydrostatic</i> <i>2 sand and gravel</i>	28 general permits - nonGLI <i>25 coal</i> <i>1 hydrostatic</i> <i>1 sand and gravel</i> <i>1 petroleum termination</i>
11 new GLI permits <b>3 minor industrial</b> 3 pretreatment <i>2 hydrostatic</i> <i>3 ground water remediation</i>	GLI modifications <b>1 major industrial</b> 1 major municipal <b>2 minor industrial</b> 2 minor municipal 1 pretreatment 1 general permit noncontact cooling water
Total 2009 permit actions	
55 new permits	89 permit modifications



**The October 2008 Iowa fiscal analysis used the following rationale:**

lower cost scenario at \$100/hour consultation/service fee	process	higher cost scenario at \$100/hour consultation/service fee
16 hours	Analysis of No Discharge	40 hours
16 hours	Analysis of minimally degrading alternative	40 hours
8 hours	Documentation of social/economic importance	40 hours
1 hour	Public notice activities including participation with response for higher cost projects	40 hours
\$25	cost (one time fee) to public notice	\$25
Cost per facility		
[41 hours × \$100] + \$25 = \$4,125		[160 hours × \$100] + \$25 = \$16,025
Number of projects annually		
104		164
Total fiscal cost annually		
\$428,875		\$2,628,100

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